

Annexure A

**SCHEDULE AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION
OF Ingwe Municipality**

**2013/14 TO 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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Abbreviations and Acronyms

AMR Automated Meter Reading

ASGISA Accelerated and Shared Growth Initiative

BPC Budget Planning Committee

CBD Central Business District

CFO Chief Financial Officer

CPI Consumer Price Index

CRRF Capital Replacement Reserve Fund

DBSA Development Bank of South Africa

DoRA Division of Revenue Act

DWA Department of Water Affairs

EE Employment Equity

EEDSM Energy Efficiency Demand Side Management

EM Executive Mayor

FBS Free basic services

GAMAP Generally Accepted Municipal Accounting Practice

GDP Gross domestic product

GDS Gauteng Growth and Development Strategy

GFS Government Financial Statistics

GRAP General Recognised Accounting Practice

HR Human Resources

HSRC Human Science Research Council

IDP Integrated Development Strategy

IT Information Technology

KPA Key Performance Area

KPI Key Performance Indicator

LED Local Economic Development

MEC Member of the Executive Committee

MFMA Municipal Financial Management Act
Programme

MIG Municipal Infrastructure Grant

MMC Member of Mayoral Committee

MPRA Municipal Properties Rates Act

MSA Municipal Systems Act

MTEF Medium-term Expenditure Framework

MTREF Medium-term Revenue and Expenditure Framework

NERSA National Electricity Regulator South Africa

NGO Non-Governmental organisations

NKPIs National Key Performance Indicators

OHS Occupational Health and Safety

OP Operational Plan

PBO Public Benefit Organisations

PHC Provincial Health Care

PMS Performance Management System

PPE Property Plant and Equipment

PPP Public Private Partnership

PTIS Public Transport Infrastructure System

RG Restructuring Grant

RSC Regional Services Council

SALGA South African Local Government Association

SAPS South African Police Service

SDBIP Service Delivery Budget Implementation Plan

SMME Small Micro and Medium Enterpris

MAYOR'S REPORT

2013/2014 Draft budget presentation by her Worship the Mayor, Councillor N Luzulane, at Ingwe Municipality in March 2013.

Mr Speaker, I wish to present an overview of the Draft Budget for the 2013/2014 budget year. This Budget document is prepared in terms of the Municipal Budget and Reporting Regulations, promulgated in the Government Gazette No. 32141, dated 17 April 2009.

In his budget speech to parliament on 22 February 2012, the Minister of Finance said: "We cannot expect to do the same old things and expect different results." In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short lived and that the world economy may yet experience a second recessionary wave. Ingwe Municipality was in no way immune to the harsh economic realities associated with the recession.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

In his State of the Nation Address in 2012, the President reminded the Nation that 2011 was declared the Year of job creation and reported that a total of 365 000 jobs were created which was indeed encouraging.

He stated that challenges faced by the Country cannot be solved by Government alone but working together with all Sectors, solutions can be found. The position has not changed to date. We still need to work together as Government, Municipality included, with various Sectors.

Three challenges have been identified which remained a ticking time bomb in our Country.

These are:

1. Poverty
2. Unemployment, and
3. Inequality

These need special attention from every entity. We are therefore reminded of the President's State of the Nation Address in 2011 when he said "Our goal is clear. We want to have a Country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy and where the quality of life is high".

In drafting the 2013/2014 budget and MTREF, the municipality explored opportunities to mainstream labour intensive approaches to deliver services.

However the municipality will not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality focused on maximizing its contribution to job creation by implementing interns programmes to provide young people with on –the-job training.

The draft budget consists of the following:

Capital Original Budget
Operating Original Budget

Taking the abovementioned explanation into account, I hereby recommend that the council may approve the draft budget

I thank you

2. BUDGET RELATED RESOLUTION

RECOMMENDED

1. That the draft budget for the 2013/2014 budget year be approved as set-out in the following schedules:

1.1 Draft Budget Summary (Financial Performance, Capital Expenditure and Fund Sources, Financial Position, Cash Flow & Assets Management)

1.2 Draft Budget Financial Performance (Revenue and Expenditure by Standard classification)

1.3 Draft Budget Financial Performance (Revenue and Expenditure by Vote)

1.4 Draft Budgeted Financial Performance (Revenue and Expenditure)

1.5 Draft Budgeted Capital Expenditure (by Vote, Standard classification and funding)

2 That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery measurement are adopted as set out in the following tables

2.1 Draft Budgeted Financial Position

2.2 Draft Budgeted Cash Flows

2.3 Cash backed reserves & accumulated surplus Reconciliation.

2.4 Asset Management

2.5 Basic Service Delivery Measurement

3. That the recommendations of the Budget Steering Committee be approved

4. That the revisions to the monthly and quarterly service delivery targets and indicators in the service delivery and budget implementation plan be approved.

EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The tabling of the 2013/2014 draft budget is indicative of the Ingwe Municipality's commitment to the people of Ingwe Municipality with a total draft budget of R119 311 628.14 separated between operating budget of R69 381 628.14 and a capital budget of R49 830 000.00. In keeping with the Ingwe Municipality's commitment towards financial viability and sustainability combined with fiscal stability and improved quality of life for all our residents.

The municipality has embarked on implementing a debt collection strategy to optimize the collection of debt owed by consumers. Furthermore the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following table is a consolidated overview of the proposed 2013/2014 draft budget and medium term revenue and expenditure framework:

3.1 Consolidated Overview of the 2013/2014 Draft Budget.

Details	Adjusted 2012/2013	Budget Draft 2013/2014
Property Rates	3 500 000.00	5 082 288.00
Service charges	450 000.00	450 000.00
Penalties rates&refuse		
Surplus from 2012	35 000 000.00	25 000 000.00
Traffic fines	105 900.00	200 000.00
Rent of facilities and equipment	140 000.00	190 000.00
Interest received	3400 000.00	3 590 400.00
Government grants and subsidies	95 980 315.00	83 102 000.00
Other Revenue	281 600.00	1 697 312.00
TOTAL REVENUE	138 857 815.00	119 312 000.00
Employee related costs	18 972 065.80	24 986 926.34
Remuneration of councillors	5 959 109.00	6 391 797.63
Bad debts	450 000.00	475 200.00
Depreciation	4500 000.00	5 000 000.00
Repairs and Maintenance	3 300 000.00	7 010 000.00
Programmes	10 371 900.00	8 710 000.00
Finance costs	300 000.00	316 800.00
Contracted services	2 322 000.00	3 458 600.00
General expenses	9 269 497.00	13 032 676.03
TOTAL EXPENDITURE	55 744 571.80	69 382 000.00
Capital budget	83 409 095.99	49 830 000.00
Net(Surplus)Deficit	4 149.00	-101 000.00

Operating Revenue

The total budget operating revenue has decreased by 14% for the 2013/2014 financial year due to the reduction in allocations from government and subsidies and a reduction in contribution from accumulated surplus. Though the decrease in contributions from grants and accumulated surplus has decreased significantly the boost in rates balanced off the decrease though not major. The increase in rates revenue is due to the revaluation of properties in line with the MPRA and introduction of the second valuation roll which has seen an average increase in property values go up by an average of 10% . the disparity of grant funding from prior year to the draft of 2013/2014 is due to no allocation of electrification grant from Department of Energy and other corridor grants from COGTA which boosted grant income in the 2012/2013 financial year. The impact of the reduction of these grants will have an impact on revenue from investment interest. Which is indicative of the marginal increase in the investment interest income between the two years.

Operating Expenditure

The total operating expenditure for the 2013/2014 financial year has been appropriated at R 69 382 000.00 which indicates an increase of 24% from prior year. This is mainly driven by the increase in employee costs of 32% due to new positions created in the organogram and the collective agreement on salaries costs of salaries to increase by 6,85%.

Employee Related Costs

The draft budget is 32% greater compared to the adjusted budget 2012/2013, which was caused by the delay in filling certain post in our organogram and new positions created in the organogram to be filled in the 2013/2014 financial year.

Depreciation

The depreciation is 11.11% more from the 2012/2013 financial year due to the expected completion of assets to be brought into the asset register in the 2013/2014 financial year. The slow growth in cost of capital is also due to the assets earmarked for disposal.

Repairs and Maintenance

Costs of repairs have increased significantly by 112%. The priorities earmarked for the 2012/2013 financial year were adjusted down in the 2012/2013 adjustment budget to make way for rolled over projects which needed to be prioritised in the 2012/2013 which had not been included in the 2012/2013 original budget. The rolled over projects resulted in the increased contribution from internal funds and the 2012/2013 priorities were deferred to the 2013/2014 budget years.

**3.2 The following table is a summary of Capital Budget 2013/2014:
Capital Expenditure by category**

Category	Adjusted Budget 2012/2013	Draft Budget 2013/2014
Infrastructure	38 875 278.40	31 965 000.00
Community	32 805 032.59	13 600 000.00
Investment Property	1 300 000.00	
Other Assets	3 628 785.00	106 5000.00
Specialised Assets	6 800 000.00	3 200 000.00
Total	83 409 095.99	49 830 000.00

The draft capital budget for 2013/2014 has decreased by 40% when compared to the adjusted budget. The adjusted budget catered from rolled over projects from prior years, which had not been included in the original budget. The poor performance on capital expenditure in the 2012/2013 financial year resulted in a huge value of projects being rolled over in the 2012/2013 financial year adjustment budget. The Capex in the 2013/2014-draft budget has stabilized to its norm hence the artificial decrease in capex.

3.3 Government grants and subsidies Allocation

Details	Adjusted Budget 2012/2013	Draft Budget 2013/2014
Equitable Share	50 740 000.00	57 002 000.00
Municipal Infrastructure grant	20 099 000.00	21 621 000.00
Electrification	9 000 000.00	-
Financial Management grant	1 500 000.00	1 650 000.00
Municipal Systems grant	800 000.00	890 000.00
Sport and Recreation	675 000.00	1 200 000.00
Corridor Development	10 000 000.00	-
Other grants	3 166 315.00	1 939 000.00
GRANTS AND SUBSIDIES	95 980 315.00	83 102 000.00

The draft 2013/2014 budget allocation is 13% less when compared to the 2012/2013 adjusted budget because of the discontinued allocation in Electrification (INEP), andmCorridor development grant (once off allocation made in 2011/2012 and rolled over in 2012/2013) which collectively contributed 20% to the allocations in the 2012/2013 budget year. The impact of these reduction have a dire effects on investment income for the municipality as investment income has been the 2nd highest income source for the municipality as a municipality which has a 92% (88% : 2013/2014) grant dependency excluding internal accumulated surplus contributions.

PART 2-SUPPORTING DOCUMENTATION

2.1 Explanatory notes to MBRR Table A1-Budget Summary

1.Table A1 is a budget summary and provides a concise overview of Ingwe Local Municipality's budget from all the major financial perspectives(operating ,capital expenditure, financial position, cash flow and MFMA funding compliance.

2.The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3.Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The municipality is committed to provide free basic services to the needy community. In addition ,the municipality continues to make progress in addressing service delivery backlogs.

2.2 Explanatory notes to MBRR Table A2-Budgeted Financial Performance(revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into its functional areas. Municipal revenue, operating expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2.3 Explanatory notes to MBRR Table A3-Budgeted Financial Performance(revenue and expenditure by municipal vote)

1.Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure. This means it is possible to present the operating surplus or deficit of a vote. The table shows the analysis of the surplus or deficit

DRAFT BUDGET ASSUMPTIONS

1. Given the constraints on the revenue side, the Council took very tough decisions on the expenditure side. Priority was given to:

- Protecting the poor from the worst impacts of the economic downturn
- Expediting spending on capital projects that are funded by conditional grants.

2. In preparing the draft budget, the following priorities were taken into account:

- Deliver more and better services in a caring and efficient manner
- Hold political office bearers and public servants accountable

The challenge for the municipality is to do more within its existing resource envelope

3. Over the next few years, the municipality must deliver more services- and deliver them more efficient-within a tight resources envelope. Achieving this objective requires requires a new way of working:

- The draft budget has been reprioritized so that money is moved from low-priority programmes to high priority programmes.

2.DRAFT BUDGET FUNDING

2.1 Draft budget is funded as follows:

• Rates	5 082 288.00
• Other Income	527 500.00
• Refuse	450 000.00
• Investment Income	3 400 000.00
• Accumulated Surplus	25 000 000.00
• Equitable Share	57 002 000.00
• MIG	21 621 000.00
• DME	
• FMG	1 650 000.00
• MSIG	890 000.00
• S&R	1 200 000.00
• Corridor development	
• Other grants	2 489 700.00
Total	119 312 488.00

2.2 The future fiscal sustainability of the Council is not very positive. The following are contributing factors for this situation:

- The continued inability of consumers to settle outstanding accounts
- Government departments not paying their rates accounts
- Poor of revenue base as the are of ingwe is mostly rural
- The continued dependency on grant funding from the national government

3.3 Investments

At present the Council does not have long term investments to fund the operating or capital expenditure. The investment portfolio for the Council is short term investments for conditional grants received from National Treasury and other organization of state.

Explanatory notes to Table A5-Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification, and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The capital programme is funded by grants, donations and internally generated funds

Explanatory notes to Table A6-Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understanding ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet)
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version.
3. Any movement on the budgeted financial performance or the capital budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalent at year end.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both of these recommendations.

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The Municipality continues to make good progress with the eradication of backlogs:

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

that the process followed to compile the budget complies with legislation and good budget practices;

that there is proper alignment between the policy and service delivery priorities set out in the Ingwe IDP and the budget, taking into account the need to protect the financial sustainability of municipality;

that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and

that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/2014 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2011** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **26 March 2013**- draft Annual Budget and MTREF 2013/2017 and draft IDP 2013/2014 tabled
- **April 2013**- Public is consulted on the draft Annual Budget and MTREF 2013/2017
- **6 May 2011** - Closing date for written comments;
- **6 to 21 May 2011** – finalisation of the 2011/12 IDP and 2011/12 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **23 May 2013**- Annual Budget and MTREF 2013/2017 is tabled for consideration for adoption

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council

2.1.2 IDP and Service Delivery and Budget Implementation Plan

Ingwe IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

- Registration of community needs; e Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Ingwe has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Figure 5 Planning, budgeting and reporting cycle

The performance of the Ingwe relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Ingwe therefore has adopted one integrated performance management system which encompasses.

2.3.1 Performance indicators and benchmarks

2.3.1.1 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.2 Creditors Management

- Ingwe has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Ingwe, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the Ingwe's business

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Ingwe. Only registered indigents qualify for the free basic services.

2.4 Overview of budget related-policies

The Ingwe Municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.6 Overview of budget assumptions

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on ingwe residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions were taken into account.

Overview of budget funding

Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term: Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Ingwe derives most of its operational property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget
How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was available